

No. 4943

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit

2

RIP VAN WINKLE WALL BED Co. (a corporation),

Defendant and Appellant,

vs.

VERNE L. HOLMES, GENE C. HOLMES and BONDORRA HOLMES (a co-partnership doing business under the firm name and style of Holmes Bed Manufacturing Company), MARSHALL & STEARNS COMPANY (a corporation) and RUTH B. ANDERSON,

Plaintiffs and Appellees.

On Anderson
Patent
No. 1,074,592
for
"Two-Door"
Wall Bed

BRIEF FOR APPELLEES.

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BRIEF FOR APPELLEES.

STATEMENT.

This is an appeal from a decree (R. 22) entered after final hearing, finding valid and infringed Anderson Patent No. 1,074,592, issued September 30, 1913, on an application filed December 19, 1910, for a "Wall Bed" (generally referred to as the "Two-Door" Bed).

The defense of invalidity, strongly urged in the Court below, has been abandoned.

Defendant-appellant in its brief (p. 24) admits:

“In the McMullen case *as on this appeal, the validity of the patent sued on is not attacked.*”*

(Italics ours.)

And, again, (p. 39):

“But defendant is not attacking the validity of the Anderson patent.”

The lower Court decreed claims 1 and 3 to be infringed by the two styles of bed made by defendant and known in the record as “Duplex” (model Plaintiffs’ Exhibit 8, R. 41) and “Ideal” (model Plaintiffs’ Exhibit 9, R. 42).

Infringement is admitted on this appeal of the “Duplex”.

As to the “Ideal,” appellees contend that independent of any other evidence in this case, defendant is estopped to deny that the “Ideal” structure is an infringement by the ruling of this Court in *Rip Van Winkle Wall Bed Co. v. Murphy Wall Bed Co.*, 1 Fed. (2d) 673 (9th C. C. A.)

PARTIES PLAINTIFFS.

The plaintiff Anderson is the grantee under, and holder of the legal title in, the patent in suit.

Plaintiffs Holmes are the exclusive owners under an executory contract of sale and purchase of all rights whatever under the patent in suit by an agreement of April 15, 1921. (Exhibit “N”, for copy see

*Italics or boldface type ours wherever they occur in this brief unless otherwise specified.

Appendix to Appellant's Opening Brief.) In other words, the Holmeses stand in the shoes of Mrs. Anderson, grantee, except the legal title to the patent does not finally become vested in them until certain payments are completed.

Plaintiff Marshall & Stearns Company became licensee for Northern California, under the patent in suit in the place and stead of defendant, on termination of the latter License on September 11, 1925, by virtue of a License Agreement dated March 9, 1925,* and which is in evidence as Plaintiffs' Exhibit 21 (R. 215); but which document is not printed in the record although produced in the appendix to appellant's opening brief. The License was *exclusive* (paragraph 1). .

All title to and under the patent is thus before the Court.

**DEFENDANT A FORMER LICENSEE, BUT, AT THE TIME OF
SUIT, A STRANGER TO THE PATENT.**

Defendant was a licensee for this territory under the Anderson patent in suit, from December 13, 1920, until September 11, 1925. (See License Anderson to defendant Appendix to Appellant's Opening Brief.)

*The Marshall & Stearns Company License provided (Paragraph 2):

"2. The License herein granted to the party of the second part is to take effect upon the taking effect of revocation of the contract now outstanding between the said parties of the first part, as assignees of Ruth B. Anderson and Rip Van Winkle Wall Bed Company, a corporation, of date December 13th, 1920, and of which contract notice of written revocation, as provided for therein, has this day been given, and this license is to endure for the remainder of the life of said Letters Patent, subject to reservations and exceptions hereinafter contained."

This License provided for its termination as follows:

“IT IS FURTHER AGREED AND UNDERSTOOD between the parties hereto that this agreement **may be revoked by either party hereto six months after written notice of revocation** shall have been given to the other party, by either of said parties.”

This License was also made *assignable* by the following:

“IT IS FURTHER AGREED and understood between the parties hereto that each and all of the terms of this contract shall inure to the benefit of and be binding on the heirs, successors, assigns or legal representatives of either of the parties hereto.”

Pursuant to this clause the License from Anderson to Rip Van Winkle Co. was duly assigned to the Holmes Co. by the agreement of April 15, 1921, aforesaid. This agreement of April 15, 1921 providing:

“IT IS FURTHER PROVIDED THAT ALL CONTRACTS heretofore entered into by the said parties of the first part, their agents, representatives, employees, covering the use, control or operation of said patents, or either thereof, shall *upon the execution hereof, inure to the benefit of, and become the sole property of the said parties of the second part.*”

This vested as of April 15, 1921, *the title to the first mentioned License Agreement* above between Mrs. Anderson and defendant, in the plaintiffs Holmes, and entitled the latter to deal with the defendant's then existing License just as Mrs. Anderson would or could have done if the sale of the License and the Agreement to sell the patent to the Holmeses had not been made.

RECOGNITION AND ACCEPTANCE OF TRANSFER BY
DEFENDANT AT THE TIME.

Defendant was duly notified of and recognized this transfer and thereafter paid royalties, not to Mrs. Ruth B. Anderson, but to Holmes Bed Manufacturing Company.

In fact, defendant was sufficiently convinced of the title of Holmes Bed Manufacturing Company as to request the *Holmes Co.* in a letter of May 21, 1921 (R. 86, Exhibit R):

“Isn’t it possible for you to grant us a license to sell the **Anderson Door** Installation for a period sufficiently long to justify us spending some money to feature it?”

In explanation of this inquiry Sinclair testifies (R. 91-92):

“XQ. What did that sentence mean?”

A. That sentence means that the License that we had under the Anderson patent was revocable on six months’ notice, and *it was possible at any time to have that License revoked*; consequently we were not justified in going ahead and spending any money or effort in pushing the [75] bed, unless we were assured we were going to get some protection.

“XQ. The License remained unchanged throughout its life, did it not? A. It did.

“XQ. And, nevertheless, you did push the bed and sold a great many of them, did you not?”

A. *Eventually we pushed it as hard as we could.*”

Various other correspondence passing between defendant and plaintiffs Holmes and appearing (R. 217-

223) showed a clear recognition and acceptance of the Holmeses in the place and stead of plaintiff Anderson.

In fact, Mr. Sinclair, Vice-President and General Manager of the defendant company, testified in open Court (R. 48-49):

“Under the License obtained from Mrs. Anderson, royalties were paid *until the agreement was assigned to the Holmes Bed Manufacturing Co.* After that we paid royalties to the Holmes Manufacturing Co. until February of 1925.”

The agreement of April 15, 1921, between Anderson and the Holmeses further provided:

IT IS FURTHER PROVIDED, however, that during the life of the agreement, and pending any cancellation or sooner termination thereof, either by default or otherwise, the *said parties of the second part shall have the right, and may, operate, manufacture, sell and distribute and otherwise exploit and distribute said patents and said improvements made thereunder.*

This is direct authority from Mrs. Anderson to Holmes to *grant other licenses*, including that to Marshall & Stearns.

CANCELLATION OF DEFENDANT'S LICENSE.

The arrangement with the defendant proving unsatisfactory, and, acting in accordance with the procedure prescribed by the original Anderson-Rip Van Winkle License aforesaid, plaintiffs Holmes sent the following notice of revocation and termination of defendant's lease under the patent:

“March 9, 1925.

“Rip Van Winkle Wall Bed Co., a Corporation,
Oakland, Calif.

“Gentlemen:

“You will please take notice, that the undersigned, as assignees of Ruth B. Anderson, hereby revoke that certain License agreement executed by Ruth B. Anderson to Rip Van Winkle Wall Bed Company, a corporation, under date of the 13th day of December, 1920, *and that this is the notice provided to be given in the said agreement, and that at the expiration of six months from and after the service of this notice* the said License agreement will be revoked by reason of this notice and in accordance with the provisions of said License agreement.

HOLMES BED MANUFACTURING Co.,
By GENE C. HOLMES.”

This notice was supplemented, after lapse of six months, by further formal notice of revocation of License, (Ex. 4, R. 39), as follows:

“September 12, 1925.

“Rip Van Winkle Wall Bed Company,
792-96 22nd Street,
Oakland, California.

“Gentlemen:

“Referring to exclusive License agreement between yourselves and Mrs. R. A. Anderson, covering sale of beds under Anderson patent No. 1,074,-952, and which contract was assigned to us by Mrs. Anderson, you are advised that six months have elapsed since we served notice on you, March 11, 1925, cancelling this agreement, according to terms of said agreement; and demand that you desist from the further sale or manufacture of the bed above referred to.

“Yours very truly,

“HOLMES BED MANUFACTURING Co.,
“By GENE C. HOLMES.”

It should be noted further that this is not a *cancelation* of a license by reason of its alleged *breach* which some Courts have held requires a decree of Court determining whether there has actually been a *breach*.

This is a case of *terminating a lease* according to the specific manner in which such a termination may be made, as provided by the parties themselves.

Defendant paid no attention to either of these notices but proceeded to ignore the plaintiffs' rights and to defy the patent. Mr. Stearns tells us (R. 43) that in September or October, 1925, he called at the defendant's office in Oakland and met Mr. Sinclair, the Vice-President and Manager of defendant. The following shows the peculiar attitude of the defendant and its officers in these matters:

"I told him that we were now the exclusive licensees under the Anderson patent. He seemed somewhat surprised at that, and very much upset. I told him that I wanted to find out what position his company was going to take in regard to the License that we now had and that he had just lost. He said that they were now manufacturing the Ideal, and the Duplex structure, were now selling it, and that they intended to keep on selling it. **He furthermore went on and said that he had never considered the Anderson patent any good, that he believed it was invalid, and that if we attempted to enforce the Anderson patent that he would break the patent, and that that was the advice of his attorneys.** He furthermore stated that they had so many infringement suits on hand now that another infringement suit would not hurt any, and that **they**

had really come to the conclusion that infringement suits were good advertising, and sold more beds for them.”

Suit in this case was filed November 3, 1925, accompanied by an order to show cause why a preliminary injunction should not issue.

The motion finally came on to be heard before Judge St. Sure on the verified bill of complaint and numerous and voluminous affidavits and exhibits filed on behalf of both parties.

The matter was fully argued and briefed and the case taken under submission. Judge St. Sure's order granting the preliminary injunction and fixing the bond issued January 18, 1926, reads as follows:

“ORDER GRANTING PRELIMINARY INJUNCTION
AND FIXING BOND.

“The defendant admits that for a number of years it was a licensee of the plaintiff under the patent and paid royalties. Under such circumstances I feel constrained to grant the plaintiff's motion for a preliminary injunction. Of course it is understood that the granting of such motion does not finally determine the rights of the parties to the action, and its only purpose and effect are to preserve the existing state of things until the case has been fully heard by the Court and the entry of a final decree therein. (Southern Pacific v. Earl, 82 Fed. 690.) Let a preliminary injunction issue upon the giving of a good and sufficient bond in the amount of five thousand (5000) dollars.

“Dated: January 18, 1926.

“A. F. ST. SURE,
“District Judge.”

Thereupon the defendant promptly moved the Court for a stay of injunction which, on January 21, 1926, was ordered on condition that defendant put up a bond of five thousand dollars (\$5000.00) and file a verified weekly statement commencing with January 25, 1926, setting forth the number of "Duplex" and "Ideal" beds which defendant sold and the number installed during the preceding calendar week; said stay order reading as follows:

"ORDER STAYING PRELIMINARY INJUNCTION ON
FILING OF BOND OF DEFENDANT.

"Defendant above named, having filed its answer herein on November 23, 1925, and the case being now ready for a full hearing and trial in Court; it is therefore

"Ordered that upon defendant filing a bond in amount of \$5,000.00, conditioned as required by law, the issuance and operation of the preliminary injunction granted herein may be and the same is hereby suspended and stayed pending the determination of this case by the Court after a full hearing and trial on the merits; and it is further

"Ordered that defendant shall submit to Chas. E. Townsend, Esq., counsel for plaintiffs, a verified weekly statement commencing with January 25, 1926, setting forth the number of 'Duplex' and 'Ideal' beds which said defendant has sold and the number installed during the preceding calendar week.

"January 21st, 1926.

"A. F. ST. SURE,
"U. S. District Judge."

It is to be noted that Judge St. Sure considered both "Duplex" and "Ideal" beds to be infringements.

During the time defendant was a Licensee under the Anderson patent it sold upwards of eighteen hundred (1800) or more beds on which defendant paid the royalty of one dollar (\$1.00) per bed (Holmes testimony, R. 216.)*

Between the date of entry of Judge St. Sure's order above of January 21, 1926, and March 23, 1926, when the trial began, defendant sold and reported an additional six hundred fifty (650) infringing beds. (Stearns testimony, R. 233.)

By acting under said License and voluntarily assuming its obligation and paying royalty, defendant acknowledged the validity of the patent. By defendant's desperate and successful efforts so far to continue the sale of beds in accordance with the Anderson patent there is presented the most conclusive proof as to the inherent merit of the Anderson patent.

"Having thus recognized the validity of the patent by acquiring and accepting rights thereunder, by promoting and organizing and holding interests in corporations which held licenses to make, use, and sell the patented article, and by actively participating in selling and transferring such rights, it may well be doubted whether appellant is not estopped from denying or disputing, as against the Pasteur-Chamberland Filter Company, the validity of the patent." *Blount v. Chamberland*, 53 Fed. 98.

*Mr. Holmes says R. 215-6:

"My firm, under that license, has handled or sold Anderson beds practically all over the United States. As to how many beds we have manufactured under the Anderson patent since it was issued, I would say conservatively not less than 25,000, probably 50,000 would be more correct. I have been manufacturing it myself and selling it since we acquired the Anderson patent and the rights under it. During the period of the license between my company and the defendant, as far as I know, according to our records—which is the only record that we have—approximately 1,800 beds were accounted for by defendant and royalties paid thereon at \$1.00 apiece."

WE HAVE NO QUESTION OF VALIDITY ON THIS APPEAL
BECAUSE DEFENDANT ADMITS VALIDITY.

Defendant was incorporated June 10, 1919, (R. 47) apparently for the purpose of not only going into the wall bed business but specifically to manufacture the patented Anderson bed, although defendant did not have a License and had made no attempt to get one. Mr. Sinclair, Vice-President and Manager of the defendant corporation, admits (R. 48) that he had been selling the beds for some six (6) months or so when Mrs. Anderson served notice of infringement and demand for an accounting in May, 1920, whereupon defendant promptly set about to acquire a License, which defendant succeeded in getting on December 13, 1920. This License already referred to was also a part of Sinclair's affidavit used on appeal in the *Murphy* suit, supra, in this Court.

Defendant contends that this License was entered into inadvisably or without legal advice or that the defendant was "bluffed" into taking a License.

On cross-examination, however, (R. 66-7) Sinclair admitted that Mr. Francis M. Wright, a member of the Bar of this Court and a Patent Solicitor here for over thirty years, was his patent advisor since 1915 or so and that Wright was taking out patents or applying for patents for him on wall bed features during this very period. While, strangely, none of these wall bed patents have been offered by Sinclair, nevertheless the admission shows that not very much stock is to be taken in his plea of ignorance, financial stringency, or coercion (or whatever he terms it) in

the matter of taking a License and continuing under it for years.

Not only did his company take a License for such limited territory as he was able to get and one which was terminable on six months' notice, but he even went so far as to get an option on the patent for the entire United States (R. 71-2.) Letting the option lapse, he strove vigorously to get it renewed only to find that Mr. Holmes had stepped in and paid twenty thousand dollars (\$20,000.00) for the patent. (R. 272.) There is nothing in the record that indicates that Sinclair's option considered a less purchase price or a more favorable one than was finally obtained by the Holmes Company. It is further quite reasonable to suppose that the defendant company, with a hard-headed country merchant as President (R. 81), and Mr. Francis M. Wright as Patent Advisor in kindred and closely allied matters, would not have lightly entered upon an obligation to spend the sum of twenty thousand dollars or more. In this particular of Mr. Sinclair's testimony his credibility has been seriously brought into question. The same is to be said in regard to his testimony concerning his statements (R. 70) that he never paid royalties under his License on anything but the type of bed known as "Duplex" and that he "thought" the plaintiff, Holmes Bed Manufacturing Company, knew that he was only paying on "Duplex". He naively says on cross-examination (R. 69-70):

"Q. How did Mr. Holmes, or either of the Holmeses, or the Holmes Company, or Mrs. Anderson, know that you were not paying royalties on the 'Ideal,' but were

only paying on the 'Duplex?' Was that notice in writing, or was it orally?

A. *I cannot remember right now. I think, however, with a little time, I could think up a reason why they knew we were paying only on 'Duplex.'* Right at the present time I cannot remember a reason, but *I think* there are reasons.

* * * * *

A. *I think* they knew I was not paying royalties on 'Ideals' all the time, but the point never came up.

* * * * *

A. *I think* they knew I was not paying royalties on the 'Ideal.' *I am not positive.*"

Mr. Holmes has explicitly stated, (R. 216) and the correspondence shows, (R. 217-223) that no *specific type of bed was ever mentioned as covered by the royalty remittances*; and that the only time the matter had ever been brought to Holmes' specific attention was when the sketch of the "Ideal" structure was casually shown Holmes, and he then stated (R. 227):

"* * * about February, 1922, Mr. Sinclair, in my office, showed me a drawing supposedly of the 'Ideal' bed. It was discussed generally. At that time I told him that that drawing referred to came under the scope of the Anderson patent."

We repeat that Mr. Sinclair's attempt to create the impression that the plaintiffs never considered the "Ideal" structure was within the Anderson patent not only reflects seriously upon his credibility but presents a situation of apparent embarrassment to Mr. Sinclair and his Company if he wants to reconcile his present testimony with that given in the *Murphy* suit.

DEFENSES.

This case as it comes to this Court with the validity of the patent admitted presents a matter seemingly quite simple of solution:

Does the "Ideal" structure (Plaintiffs' Exhibit 9) and which was the structure directly involved in the Murphy suit, *supra*, infringe claims 1 and 3 of the Anderson patent?

The so-called defenses of "lack of jurisdiction," that this is not a patent suit," "misjoinder of parties plaintiff," and "unfair business methods" appear to be frivolous and utterly without merit.

"Upon termination of a license, a former licensee may be sued for infringement or for royalties, at the election of the owner of the patent." *Walker on Patents*, Sec. 309.

The so-called defense of existing "license" is a desperate attempt at justification of an otherwise utterly indefensible position on the part of the defendant.

In considering these defenses and because they have been argued at such length on behalf of the appellant, we may seem to accord them more attention than they merit and we may feel called upon to repeat some of the facts or ideas already stated.

The major portion of defendant's brief is a specious argument that:

(a) Defendant still holds License under the Anderson patent from the former owners of that patent.

(b) That plaintiffs, Marshall & Stearns Company, are not exclusive licensees of Holmes Bed Manufacturing Company.

As to (b) it is immaterial as far as defendant is concerned whether the license is exclusive or non-exclusive. However, by that license Holmes Bed Manufacturing Company granted to Marshall & Stearns Company, "its successors and assigns, the *exclusive* right and license to manufacture and/or sell beds embodying said invention and improvements in and throughout the following named territory, to-wit: That portion of the State of California, northerly of a line bounded on the north by the counties of San Luis Obispo, Fresno and Inyo, in said State and not elsewhere."

ALL TITLE TO ANDERSON PATENT BEFORE THE COURT.

We hesitate to indulge in a labyrinth of hypotheses similar to defendant's brief on the question of right of plaintiffs to bring suit; but assuming that the legal title to the patent remained in Mrs. Anderson, then she as the owner is a party plaintiff jointly with Holmes Bed Manufacturing Company and Marshall & Stearns Company. Even if the two latter corporations plaintiffs are not necessary nor indispensable parties they are at least proper parties. Their presence in the case in any event cannot possibly prejudice defendant.

It is alleged by paragraph I of the bill of complaint (R. 2) that Ruth B. Anderson is a resident of San Diego, California, and outside of this district. It is not denied by the answer of defendant.

Assuming that Ruth B. Anderson is the owner of the legal title to the patents in suit, the parties are properly joined as plaintiffs, regardless of whether

Mrs. Anderson is a willing or unwilling plaintiff. There is nothing in the record to the effect that Mrs. Anderson is an unwilling party plaintiff, but assuming for sake of argument that she is an unwilling plaintiff, nevertheless she lives beyond the jurisdiction of this Court and beyond reach of subpoena of this Court, so that she could not be made a party defendant. Therefore, making her a party plaintiff is exactly according to the opinion of the Supreme Court in the recent case of *Independent Wireless Teleg. Co. v. Radio Corporation of America*, adv. opns. February 1, 1926, pg. 200; 70 L. Ed. There Chief Justice Taft says:

“It seems clear then on principle and authority that the owner of a patent who grants to another the exclusive right to make, use or vend the invention, which does not constitute a statutory assignment, holds the title to the patent in trust for such a licensee. to the extent that he must allow the use of his name as plaintiff in any action brought at the instance of the licensee in law or in equity to obtain damages for the injury to his exclusive right by an infringer or to enjoin infringement of it.

* * * * *

“But suppose the patentee and licensor is hostile and is out of the jurisdiction where suit for infringement must be brought, what remedy is open to the exclusive licensee?”

* * * * *

“I do not, however, intend to be understood that plaintiff will be without remedy if he cannot find the patentee, or if the latter is hostile. The statute does not abridge the power of a court of equity to do justice to the parties before it if others who cannot be found are not absolutely necessary parties, as in this case the patentee is not. At law the plaintiff could use the name of

a patentee in an action and perhaps he may have the right in equity under some circumstances. The bill gives no explanation of his absence; but it was said in argument that he is both out of the jurisdiction and hostile. If so, no doubt there are methods known to a court of equity by which the suit may proceed for the benefit of the only person who is entitled to damages.”

* * * * *

“In the case of Brush-Swan Electric Light Co. v. Thomson-Houston Electric Co. (C. C.) 48 Fed. 224, the Brush-Swan Company in Connecticut sued the Thomson-Houston Company in equity for infringing the former’s rights as an exclusive licensee for the sale of a device made under a patent owned by the Brush Electric Company of Cleveland, Ohio. The Brush-Swan Company made the Brush Electric Company a coplaintiff. The Cleveland Company appeared for the purpose of asking that its name be stricken out as a party complainant because the bill had been filed without its consent. The motion to strike out the coplaintiff’s name was denied by Judge Shipman, on the ground that as the patent owner, being without the jurisdiction, could not be served with process, there would otherwise be absolute failure of justice. The judge said that prima facie there was an implied power in the exclusive licensee under such circumstances to make the patent owner a party plaintiff. The same conclusion was approved by the ninth circuit court of appeals, in Brush Electric Co. v. California Electric Light Co., 3 C. C. A. 368, 7 U. S. App. 409, 52 Fed. 945, before McKenna and Gilbert, circuit judges, and Knowles, the district judge, affirming the same case in (C. C.) 49 Fed. 73, and by the same court in Excelsior Wooden-Pipe Co. v. Allen, 44 C. C. A. 30, 104 Fed. 553, and in Excelsior Wooden-Pipe Co. v. Seattle, 55 C. C. A. 156, 117 Fed. 140, 143, 144.”

* * * * *

“The objection by the defendant that the name of the owner of the patent is used as a plaintiff in this suit without authority is met by the obligation the owner is under to allow the use of his name and title to protect all lawful exclusive licensees and sub-licensees against infringers, and by the application of the maxim that equity regards that as done which ought to be done.”

The proper parties plaintiff are before the Court in any event, since every existing interest of any nature is represented by a party plaintiff. If Mrs. Anderson owns the legal title and consents to join the licensees she is a proper plaintiff; if she is hostile and refuses to be made a party plaintiff (and there is not a word in the record to support such a hypotheses) she cannot be made a defendant because outside the jurisdiction and beyond subpoena, and she can therefore be joined by her licensees as party plaintiff without her consent. As stated in *Independent Wireless Teleg. Co. v. Radio Corp.*, supra:

“The bill gives no explanation of his absence; but it was said in argument that he (the owner) is both out of the jurisdiction and hostile.”

Referring to (a), the transfer of this agreement from Mrs. Anderson to Holmes Bed Manufacturing Company, the wording of Exhibit N is as follows:

“IT IS FURTHER PROVIDED THAT ALL CONTRACTS heretofore entered into by the said parties of the first part, their agents, representatives, employees, covering the use, control or operation of said patents, or either thereof, shall *upon the execution hereof*, inure to the benefit of, and *become the sole property* of the said parties of the second part.”

Defendant's view seems to be that as the notices of revocation (i. e., of March 9, 1926 and September 12, 1926) of defendant's former license were signed by Holmes and not by Mrs. Anderson, therefore said notices were a nullity and defendant's former license still remains in force.

Thus counsel for defendant says (page 17):

“In this view of the matter Mrs. Anderson is a necessary party to any notice of revocation to defendant under the terms of the *first* agreement, and since she has not revoked it defendant is still a licensee thereunder.”

After what has been shown such argument seems mere sham and pretense.

There surely is no doubt as to the meaning of that assignment of that contract. The wording is explicit, beyond any question of doubt. When personal property becomes the *sole property* of one person it is divorced from any kind of ownership by any other person. The Civil Code of California provides:

Sec. 681. The ownership of property by a single person is designated as a sole or several ownership.

And Bouvier's Law Dictionary defines “sole” as follows:

“Sole” Alone; Single; used in contradistinction to “joint”; Bouvier's Law Dictionary.

If then, all outstanding contracts entered into by the Andersons “covering the use, control or operation of said patents” became the *sole property* of Holmes Bed Manufacturing Company “upon the execution hereof”

(April 15, 1921), there is an absolute assignment as of that date of the Anderson-Rip Van Winkle contract of December 13, 1920.

Certainly there can be no denial of the right to assign that contract.

5 *Corpus Juris* 874 (Sec. 44).

“It is a general rule, that the right of one party to a contract to its performance by the other may be assigned.” (Citing many U. S. and California uses.)

5 *Corpus Juris* 906 (Sec. 73).

“Where the assignment is in writing, no special form of words or language is required to be used,—

Any language, however, informal, if it shows the intention of the owner of the chose in action to transfer it, will be sufficient to vest the property therein in the assignee.” (Citing U. S. and California cases.)

5 *Corpus Juris* 947 (Sec. 122).

“The assignment of a contract operates not merely as the assignment of the moneys thereafter to be earned, but of the whole contract, with its obligations and burdens.” (Citing *State v. Norfolk School Dist.*, 51 Neb. 237; 71 N. W. 727.)

5 *Corpus Juris* 748 (Sec. 124).

“*In the absence of any stipulation or provision in the contract of assignment concerning securities or other incidents, an unqualified assignment of a chose in action carries with it, as incident to the chose * * * all rights incidental thereto, and vests in the assignee, the equitable “title to such collateral securities and incidental rights.”*”

5 *Corpus Juris*. 958 (Sec. 145).

The general rule is that the unqualified assignment of a chose in action vests in the assignee the

title thereto to the same extent as the assignor had it at the date of the assignment, and no more. The rights and liabilities of the parties—assignor, assignee, and debtor—are such as naturally follow from the operation of this rule. And the interest of the *assignee*, whether it is legal or equitable, will be protected by courts of law and courts of equity against all persons having notice thereof.

Where the assignment is in writing, and is made without fraud or mistake, and is not ambiguous, it is conclusive as to the interest of the parties.

Burkett v. Doty, 176 Cal. 89; 167 Pac. 518.

If the intention of the parties is fairly evident, and they have actually given expression to it, no matter how inapt the expression may be, effect must be given to their intention.

Adamson v. Paonessa, 180 Cal. 157; 179 Pac. 880.

Thomas v. Finsman, 39 Cal. App. 278; 178 Pac. 870.

That assignment of the Anderson-Rip Van Winkle contract was recognized by defendant by transferring the payment of royalties to Holmes (see *supra*).

These payments are shown by letters of transmittal of license fees (R. 217-223).

If there were any doubt as to the passing of all right to the Anderson-Rip Van Winkle contract, that doubt would be resolved in favor of the grantee Holmes Bed Manufacturing Company.

Civil Code of California, Sec. 1069. A grant is to be interpreted in favor of the grantee, except that a reservation in any grant, and every grant by a public

officer or body, as such, to a private party, is to be interpreted in favor of the grantor.

When title passes by assignment of a chose in action all the title possessed by the grantor is transferred.

Civil Code, Sec. 1083: "A transfer vests in the transferee all the actual title to the thing transferred which the transferrer then has, unless a different intention is expressed or is necessarily implied."

And including the incidents, which in this case would be the right to collect Rip Van Winkle royalties, or to revoke the license according to its terms.

Civil Code, Sec. 1084: "The transfer of a thing transfers also all its incidents, unless expressly excepted; but the transfer of an incident to a thing does not transfer the thing itself."

We submit that these alleged defenses of lack of title, license in defendant, etc., and each and all of them should be overruled.

ADMISSIONS BY DEFENDANT.

We have already pointed out that on this appeal defendant admits:

- (1) The validity of the Anderson patent, including claims 1 and 3 sued on.
- (2) That "Duplex" infringes.

DEFENSE THAT "IDEAL" DOES NOT INFRINGE.

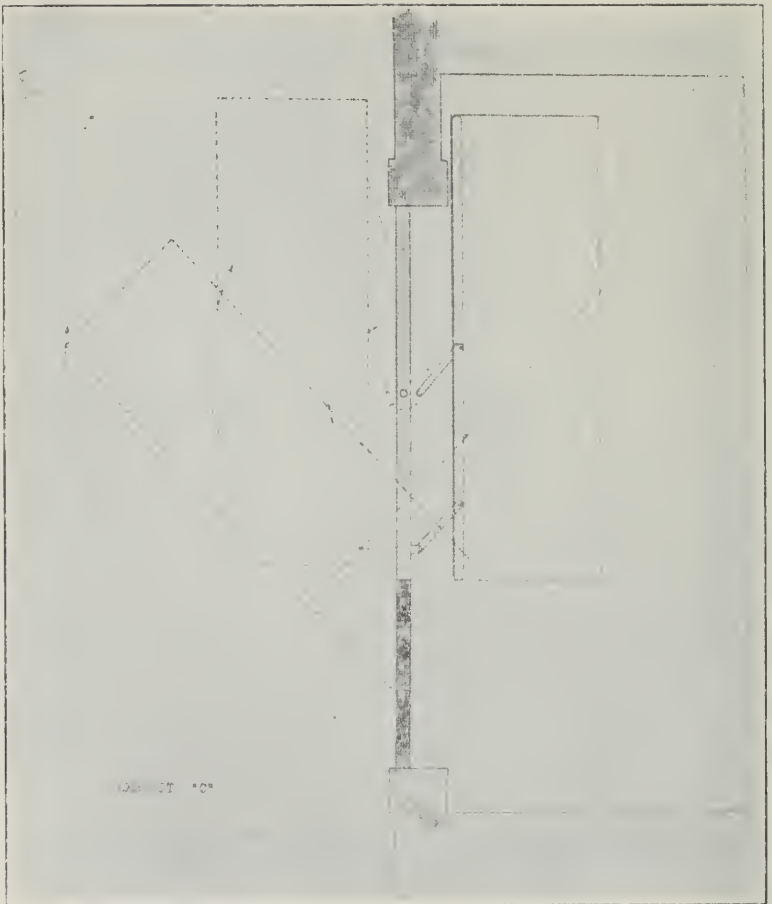
Defendant claims that it never paid royalties at any time on the so-called "Ideal" installation. If this be true, then it simply took unfair advantage of the Homes Bed Manufacturing Company.

Defendant now claims that the "Ideal" is not made under the Anderson patent. If that be true then defendant deceived this Court in the suit of *Murphy Wall Bed Company v. Rip Van Winkle Wall Bed Company* (1 Fed. (2d) 673).

In the *Murphy* case, defendant's Vice-President, Neil Sinclair, and defendant's then expert, George J. Henry, repeatedly asserted that the so-called "Ideal" installation was made under and in accordance with the Anderson patent and that royalties were being paid thereunder.

The same point was repeatedly made by defendant's present counsel in his briefs filed in the Court of Appeals; and Judge Morrow, in deciding the issue in favor of this defendant in said suit of *Murphy v. Rip Van Winkle Wall Bed Company*, referred to the fact that defendant in the construction of its so-called "Ideal" wall bed was operating under the Anderson patent.

The so-called "Ideal" installation does, as a matter of fact, infringe claims 1 and 3 of the Anderson patent.



100-111 *C*

THE "IDEAL," THE ISSUE IN THE MURPHY SUIT.

Sinclair testified on direct (R. 51):

"I have sought patent protection on the type known as the *Ideal type*. We were sued by the *Murphy Wall Bed Co.* on that device and we employed counsel to defend us. I have an application pending in the Patent Office covering the *Ideal type* of bed which has not yet been issued."

And on cross-examination (R. 64-65):

"XQ. You referred in your direct examination that you were sued by Murphy on that device; I understood you to indicate one or the other of the models upon the Judge's bench, Plaintiffs' Exhibit 8, the Duplex, and Plaintiffs' Exhibit 9, the *Ideal*.

* * * * *

"* * * will you please indicate to the Court which one it was?"

A. *It was the Ideal.*

"XQ. The *Ideal* structure represented by Plaintiffs' Exhibit 9, indicates the structure that was involved and in issue in the *Murphy* suit?"

A. Yes, sir."

DEFENDANT ESTOPPED TO DENY "IDEAL" STRUCTURE
INFRINGES ANDERSON.

There are in evidence two drawing exhibits (Plaintiffs' Exhibits 7 (R. 20) and 12 (R. 83)), which are admitted (R. 82) to have been in the *Murphy* suit (1 Fed. (2d) 673) and as representing the defendant's structure there involved. The first of these exhibits (Exhibit 7) was Exhibit "C" (see cut opposite) in

the *Murphy* case and appears at page 68 of the Book of Exhibits in that case and on file in this Court. The original of said drawing was attached to Neil Sinclair's affidavit in the *Murphy* suit as representing the "Ideal" structure of defendant there in issue.

The other drawing (Exhibit 12) containing four figures was offered to show, in connection with Mr. Sinclair's testimony, the comparison between "Ideal" and Anderson. Defendant's counsel voluntarily admitted in open Court that that drawing (Plaintiffs' Exhibit 12) was an exhibit in the *Murphy* case. It appears at page 73 of the *Murphy* Book of Exhibits and is reproduced opposite. Another good illustration of the "Ideal" bed in the *Murphy* suit appears at page 13 of the *Murphy* Book of Exhibits.

The drawing (Plaintiffs' Exhibit 7—*Murphy* Exhibit C) and the admissions concerning Plaintiffs' Exhibit 12 leave no question as to the nature of the device of the defendant that defendant was being sued on and was defending on in the *Murphy* suit.

Before referring to the *Murphy* suit another admission of Sinclair is important. Defendant admits now that *it has no patents on its "Ideal" structure, although defendant claimed to have one in the Murphy suit.*

Sinclair in the instant case testified on cross-examination (R. 64):

"XQ. I understood you to state that you have no patent on your Ideal structure?"

A. I have a patent application pending.

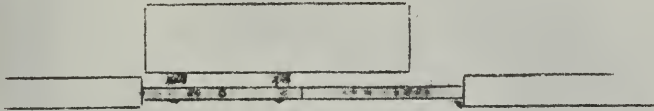


Fig. 1 Anderson at one side of opening.

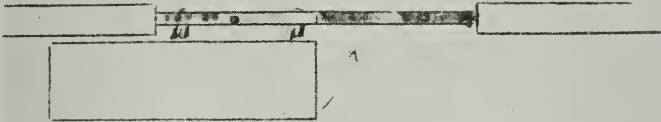


Fig. 2 Anderson at other side of opening.



Fig. 3 Defendant at one side of opening.

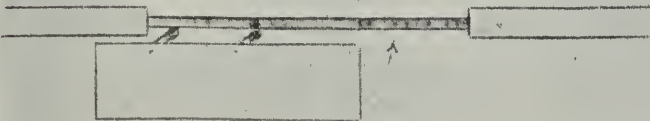


Fig. 4 Defendant at other side of opening.



XQ. You have merely a patent application pending on your Ideal structure?

A. Yes, sir.

XQ. You have no issued patent that covers that structure?

A. No, sir."

Plaintiffs' position in regard to the bearing of the *Murphy* suit is this: That in the *Murphy* suit, this Honorable Court of Appeals had before it not only the *Murphy* patent of the plaintiffs but the defensive *Anderson* patent here in suit (see page 70 of *Murphy* Book of Exhibits), under which defendant was then licensed for its "Ideal" bed; that Your Honors there found that defendant's "*Ideal*" bed was as a matter of fact, built under the *Anderson* patent; that defendant had a License under the *Anderson* patent; that the Court's finding that the *Anderson* patent covered the "Ideal" structure under an existing License and thereby making effective the defense of non-infringement by the existence of an independent patent, was tantamount as between these parties to the validation of the *Anderson* patent; that as the Court finally determined the issues in that case and between plaintiffs and defendants, who are also parties here, the judgment of that Court respecting the subject-matter involved is conclusive and indisputable.

Obviously a void patent would have been no defense in the *Murphy* suit, nor given the defendant any protection.

Another thing in connection with the *Murphy* suit is that practically all the art that is here relied on

was analyzed and considered by Mr. Henry, as then expert for defendant, and differentiated both from Murphy and from Anderson. Mr. Henry's opinion was evidently highly thought of because he was at time a partner of Mr. Boyken and his views are quoted and adopted by this Court.

Rip Van Winkle Wall Bed Co. v. Murphy Wall Bed Co., 1 Fed. (2d) 673; 9th C. C. A., decided October 13, 1924 (rehearing denied November 17, 1924).

Passing over the Court's analysis of the Murphy patent, and coming to a consideration of the "Ideal" structure of defendant there in issue, its relation to the Anderson patent, and the judgment of the Court that the "Ideal" structure was covered and protected by a License under the Anderson patent, Judge Morrow says (page 674):

"In opposition to this showing on behalf of the plaintiff, the defendant submitted affidavits, among others one by George J. Henry, who also qualifies himself as an expert in patent controversies by alleging that during the last 25 years, and more particularly the last 4 years, almost continually he has been engaged in preparing patent applications, construing patents, writing descriptions, writing opinions on patent matters, testifying as a patent expert, prosecuting patent applications, and various and sundry other matters connected with inventions and patents. He identifies patent No. 1,007,592 (should be 1,074,592) issued to Robert H. Anderson on September 30, 1913, under which patent defendant is operating under a license. This patent he says discloses in part *a wall having an opening of greater width than the bed, the opening adapted to be closed by two doors, the width of each door being approximately one-half of said opening.* One of

said doors is centrally pivoted, and the other is hinged on the side of said opening. A bed is attached to the centrally pivoted door, said bed when at one side of said opening being immediately concealed behind the two doors, whereas when it is at the other side of said opening, it is *shifted laterally* away from approximately one-half of said opening, allowing the hinged door to close. It will be noted, he says, that when the bed shown in the Anderson patent is positioned on one side of the opening it is impossible for a person to enter through the hinged door. *The defendant has therefore made an improvement on the Anderson patent, whereby the bed is laterally displaced when at the rear of the opening, as well as laterally displaced when at the front of said opening, thereby affording an entrance to a closet through the hinged door with the bed in position in either the closet or the room. Defendant has also found it unnecessary to make the hinged door approximately one-half of the opening, and has therefore made it approximately one-third of said opening.*" (Italics by the Court.)

The foregoing description alone is sufficient to identify the "Ideal" structure. If one turns to the record and to Henry's affidavit it will be found that the statement of counsel for defendant is true that Plaintiffs' Drawing Exhibit 12 (reproduced supra) in this case illustrating and comparing Anderson and "Ideal" constituted the basis of Henry's description and claim for equivalency, taken with Exhibit C in that case (drawing, Plaintiff's Exhibit 7 herein, reproduced supra).

That this Court gave full credence to the claims and representations of Mr. Sinclair is seen from the following (page 675):

“The affidavit of Neil Sinclair sets forth that he is vice president and general manager of the defendant, Rip Van Winkle Wall Bed Company; that the defendant is a licensee under the Anderson patent, No. 1,074,592; that the company is also a licensee under affiant on patent No. 1,303,509 issued to affiant on May 13, 1919. He says this last-mentioned patent shows *a wide opening through which a standard double bed is passed, the opening adapted to be closed by two doors of approximately the same width.* The vertical axis upon which the bed is mounted is central of the opening in every case, says the affiant, the wall beds of this type sold by the Rip Van Winkle Wall Bed Company *are of a less width than the opening through which they pass.* Likewise in every case where the defendant has installed wall beds the opening through which the beds pass have always been closed by *two doors.*” (Italics by the Court.)

These representations made on behalf of defendant by Sinclair and Henry, verified by the arguments of their able counsel, led the Court to definitely find that the structure which is here identified by the name of “Ideal” was covered by the Anderson patent.

Judge Morrow finds on page 676:

“The defendant’s bed structure is manufactured under a license from Robert H. Anderson, to whom had been issued patent No. 1,074,592 for improvements in wall beds. The application for this patent was filed in the Patent Office on December 19, 1910, or two weeks prior to the filing by Murphy of his application for patent No. 1,007,596. It is specified that the Anderson ‘invention relates to wall or folding beds for dwellings, hotels, apartment houses, and like places where a maximum of accommodation is required in a minimum of space, and the same being mounted upon a pivoted panel may be concealed

in an opening or recess in the wall when the bed is not in use, and which is turned in a relative position in the room or elsewhere when needed'."

In connection with this finding we are constrained to refer to a further finding that the defendant persuaded the Court to make, which defendant now admits was utterly unjustified and that the Circuit Court of Appeals was imposed upon.

Remembering that Sinclair here states (R. 51 and 64) that defendant has no patents issued whatever covering either of defendant's structures but only a pending application, nevertheless this Court accepted Sinclair's statement in his affidavit in the *Murphy* case that in addition to the License under the Anderson patent defendant has a License under the Sinclair patent and Judge Morrow found (page 676):

"Defendant's bed structure is also manufactured under a license from Neil Sinclair, to whom had been issued patent No. 1,303,509 for improvements in closet beds. It is specified that the 'invention relates to improvements in that class of disappearing beds which, when not in use, are concealed within a closet or other receptacle, and when in use are moved outside of the closet into an adjacent room'."

Of course the only effect of such a finding, if contrary to the real facts in that case induced by the misrepresentation of the defendant there, is to convict the defendant of bad faith in that case and to cause the Court now to look with suspicion on any representations defendant makes tending to excuse itself.

On the finding above that the defendant's bed structure (the "Ideal") there involved was manufactured under the Anderson patent, we believe the following principles of law apply.

RES ADJUDICATA.

FORMER DECISION OF SAME POINT OR QUESTION:
34 *Corpus Juris* 902:

"A judgment rendered by a court having jurisdiction of the parties and subject matter, whether correct or not, is conclusive and indisputable evidence as to all rights, questions, or facts put in issue in the suit and actually adjudicated therein, when the same come again into controversy between the same parties or their privies in proceedings upon the same or a different cause of action."

PARTY ESTOPPED BY JUDGMENT IN HIS FAVOR: 34
Corpus Juris 907:

"A judgment is an estoppel upon a party not only in so far as it decides a question adversely to his claim or contention in the suit in which it is rendered, but where it recognizes or sustains his theory or claim it estops him from afterward taking a different position in litigation with the same opponent, even though as to the other party the judgment may be void for want of jurisdiction."

IDENTITY OF PARTIES: 34 *Corpus Juris* 920 and 984:

"But the presence in the one suit of additional parties not included in the other does not prevent the estoppel of the judgment from binding those who were parties to it and are also parties to the suit in which it is set up." * * *

(Page 984):

“To constitute a judgment an estoppel there must be a substantial identity of parties as well as of the subject matter; that is, it is necessary that the parties as between whom the judgment is claimed to be an estoppel must have been parties to the action in which it was rendered, in the same capacities and in the same antagonistic relation, or else they must be in privity with the parties in such former action.”

ESTOPPEL TO DENY DETERMINATION OF FACT (34 *Corpus Juris* 931):

“Where a judgment is affirmed on appeal, it is *res judicata* as to all matters in issue and determined, although the appellate court bases its decision on other grounds.”

(page 930):

“A party who seeks and obtains a particular judgment cannot afterward repudiate or impeach it or avoid its conclusive effect by setting up claims or alleging facts inconsistent with his former contention.”

The attempt of the defendant now to change its position and to change its theory that the “Ideal” structure after all is not within the Anderson patent is not only repugnant to all principles of equity, but to all sense of decency.

ESTOPPEL ON INCONSISTENT POSITIONS.

“A party who has, with knowledge of the facts, assumed a particular position in judicial proceedings, and has succeeded in maintaining that position, is estopped to assume a position inconsistent therewith to the prejudice of the adverse party.” (21 *Corpus Juris* 1223.)

“A party is estopped to make a defense or objection inconsistent with a position previously asserted by him, which position was successfully maintained.” (21 *Corpus Juris* 1226.)

“A claim made or position taken in a former action or judicial proceeding will, in general, estop the party to make an inconsistent claim or to take a conflicting position in a subsequent action or judicial proceeding to the prejudice of the adverse party.” (21 *Corpus Juris* 1228.)

“Applying the rule, a party who has successfully interposed a defense or objection in one action or proceeding cannot shift his ground and take a position in another action or proceeding which is so inconsistent with his former defense or objection as necessarily to disprove its truth.” (21 *Corpus Juris* 1231.)

THE ANDERSON INVENTION.

The Anderson patent in suit No. 1,074,592, dated September 30, 1913, was applied for December 19, 1910.

The testimony shows that the advent of the Anderson bed at once created a demand for it and for rights under the Anderson patent when issued. The Anderson circular in evidence (Plaintiffs' Exhibit 23; R. 221), which goes back to 1912 or 1913 states, on pages 6 and 7, some of the reasons that have made the Anderson bed popular, one being that it gave something that the trade had long waited for.

It is well known that during the war period building operations were largely suspended so that we have not heard much about the wall bed business during the years 1914 to 1919.

The Anderson patent marks a distinct departure from the prior art, in that it solved for the first time the problem of effecting a complete closure of the opening through which a *double bed* may move, whether the bed be stored in the closet or extended into the room ready for use, the means employed being such that the user has easy access to the closet when the bed is extended. The arrangement is such that a very shallow recess or closet can be made use of.

For this purpose Anderson employed two doors, one a pivoted panel and the other a hinged door. The bed is mounted on the pivoted panel and is considerably *wider than the panel*, one side of the bed overhanging the panel and *extending along the wall* when moved out in position for use, so as to leave the hinged door unobstructed.

**JORDAN AND MERRILL—WIDE SINGLE PANEL PATENTS
WITH DEEP RECESS.**

The patents prior to Anderson's time, such as Jordan No. 892,668, July 7, 1908, and Merrill No. 886,622, May 5, 1908, used a single centrally pivoted panel wider than the bed; and while this panel served to close the opening both when the bed was stored and when it was extended into the room for use, the opening to the closet was closed and access could be gained only by folding the bed and turning the panel part way around.

Such an arrangement, furthermore, required a closet depth equal to at least one-half the width of the panel, or approximately thirty-four inches; where-

as the depth of the closet required for the Anderson bed is but twenty-two inches.

MURPHY REISSUE PATENT.

The Murphy patent, Reissue No. 13,428, which appeared almost simultaneously with the Anderson patent (being filed two weeks later) and which has been litigated often in the courts and repeatedly sustained as valid, made use of a single hinged door, and when the bed is extended into the sleeping room the opening to the closet is left *uncovered*. This is objectionable from many standpoints.

Furthermore, the Murphy bed overhangs the *hinged side of the door* approximately one-half of its width, and therefore requires a closet of approximately thirty-two inches depth as against twenty-two inches for the Anderson bed.

THE WANT FULFILLED BY ANDERSON.

Aside from the conduct of the defendant as a Licensee and its later wholesale appropriation of the Anderson patent and making the Anderson patent the basis and foundation of its business, Mr. Holmes and Mr. Stearns have both told us of the popularity of the Anderson bed and that its sale does not seem to be limited to any particular clime or locality. This popularity is obviously the natural result of a fulfillment of a *want* which existed prior to the advent of the Anderson bed.

It was the *want* of:

(a) a double bed in a narrow space or shallow closet;

(b) a double bed in such a connection that it would afford accessibility and closet room when the bed was in use in a room; and

(c) a double bed and a shallow closet space which not only would afford accessibility to the closet space when the bed was in use but the closet space could be absolutely closed up so as to not only conceal the closet space, opening and contents, but would give symmetrical finish to the room and protect the occupant or occupants of the bed from draughts.

Additional advantages might be mentioned, including:

(a) no special construction in building for the wall bed installation;

(b) employment under ordinary circumstances of a standard 5 foot opening and stock doors;

(c) cheapness of installation; and

(d) substantiality, durability and neatness in appearance.

The outstanding feature, of course, is the economy of space, with a concealable double bed and the utilization of the closet space when the bed is in use without having to move the bed.

ONLY TWO TYPES OF PRIOR REVOLVING DOUBLE-BED
WALL BEDS.

We are told, without contradiction, that there were only two types of revolving double-bed wall beds until the time the Anderson bed appeared: The Jordan wide panel double-bed which required not only a wide opening but a deep closet, deeper than half the panel width; and the Murphy type, where the double-bed was mounted on a narrow door and adapted to be moved in and out of an opening of less width than the bed. Now in Murphy there was no closure for the closet opening after the bed had been brought into the room and all the objections of unsightliness, draughts, etc., existed.

For an understanding of the Jordan structure the Court's attention is directed to the Jordan patent and to the Jordan circular in evidence and to the case of *Marshall & Stearns Co. v. Murphy Wall Bed Co.*, 199 Fed. 772 (9th C. C. A.). The Murphy structure may be seen from the Murphy reissue patent in evidence and from the judicial opinions in this Court and Circuit concerning same. Said decisions so far as reported are as follows:

Perfection Disappearing Bed Co. v. Murphy Wall Bed Co., 266 Fed. 698;

Murphy Wall Bed Co. v. Pacific Spring Bed Co., 295 Fed. 745;

Murphy Wall Bed Co. v. Rip Van Winkle Wall Bed Co., 1 Fed. (2d) 673, already cited.

This Murphy litigation is further interesting on the question of *invention* and as indicating the judicial processes by which invention in the wall bed art,

as distinguished from mechanical skill or lack of invention, has been measured. The records in every one of these cases show the citation of the James, Ruggles and Jordan patents and all the rest, and yet the Ruggles patent was not held to be an anticipation of Murphy; nor were the James patents, or any of them, so held, although they were undoubtedly closer to Murphy than anything here cited in the prior art is to Anderson.

JAMES STOVE PATENTS.

The witness Bried in his testimony states (R. 130) that James Patent No. 825,840 of July 10, 1906, was the nearest prior patent relied upon by defendant. But the James patent lacks the very factors which give value to the Anderson two-door bed.

The said James patent shows merely a pivoted panel and a hinged door, the pivoted panel carrying a stationary article such as a stove, which is so much narrower than the panel that the panel can be revolved *freely* with the stove in place thereon without in any wise projecting into the path of the hinged door or *overlapping* the wall on the panel side of the opening. In other words the hinged door is entirely unnecessary to the successful operation of James' revolving stove, and might just as well be separated therefrom with several feet of wall space between. The purpose and object of James and the construction which he employs, are so foreign to the Anderson conception that an extended discussion is scarcely justified.

The James patent was considered in the *Murphy* suit. (Page 76, Murphy Book of Exhibits.)

ANDERSON FILE WRAPPER.

As further showing the utter fallacy of Bried's contention that the said James patent has any bearing on Anderson's invention, it is proper to refer to the file wrapper of the Anderson patent, showing the proceedings had in the Patent Office. Substantially the same prior patents were cited by the Examiner as are now relied upon by defendant, including James No. 825,840 and Merrill No. 886,622.

Concerning the shortcomings of the prior patents, Anderson's solicitors said:

“In regard to James, No. 825,840, July 10, 1906, of record, this patent shows a gas stove attached to a door centrally pivoted, * * * but this is not the only element in applicant's claims. * * * It is thought that the claims as now written avoid the references cited. The hinged door is an absolutely necessary element in this combination *to allow the extended end of the head board to pass into the opening or recess.*”

The Examiner after due consideration of said James and Merrill patents and others of a like nature, allowed Anderson's claims.

PRESUMPTION OF VALIDITY STRENGTHENED BY PATENT
OFFICE ACTIONS.

Hutter v. Browne, 114 Fed. 655, 657;

San Francisco Cornice Co. v. Beyrle, 195 Fed.
516, 520 (9th C. C. A.);

Shaver v. Skinner Mfg. Co., 30 Fed. 68, 70;

New Jersey Co. v. Buff, 135 Fed. 1021 (C. C.
A. 2nd);

Imperial Co. v. Crown Co., 139 Fed. 312 (C.
C. A. 4th);

Hale & Kilburn Mfg. Co. v. Lehigh Valley Co.,
126 Fed. 653, 657.

In the *San Francisco Cornice Co.*, this Court by Judge Gilbert said concerning certain prior art relied on by defendant to anticipate the patent there in suit:

“These patents were all cited by the Examiner in the Patent Office, and upon such citation the claims of the complainant in this case were formulated in terms acceptable to the Examiner, and as they now stand in the patent. These proceedings raise a presumption in favor of the claims, not overcome by a careful examination of these prior patents.”

That aptly describes the situation here.

**JAMES DOES NOT ANTICIPATE THE ANDERSON CLAIMS
ANY MORE THAN HE DID MURPHY.**

It is important to note that Anderson's claims are not directed merely to a hinged door and a pivoted door with a piece of furniture of any sort fastened to the panel in a haphazard way. These claims are for *a new combination and arrangement* in the wall

bed art, whereby results never before obtained are accomplished. The very things which lend novelty, patentability, and merit to the Anderson *claims* are entirely lacking in the James patent, namely, the positioning of a full-width bed on the pivoted panel so that a considerable portion of the bed frame *overhangs one side of the panel*, such overhanging portion of the bed *extending along the side of the wall* when the bed is extended, so that access may be had to the closet through the hinged door. This thought is clearly expressed in broad language in Claims 1 and 3 of the Anderson patent.

In determining invention one does not look at the elements or factors of a combination as a subject for a patent, but only to the *combination* itself as a unit, distinct from its parts. *Leed and Catlin v. Victor*, supra.

The two James patents, No. 756,371 of April 5, 1904, and No. 828,481 of August 14, 1906, principally relied upon by defendant, do not in any sense show an Anderson two-door wall bed, nor any *overhanging* folding structure on a centrally pivoted panel, capable of being turned through a half-circle and *overlapping* the wall, as specified in Anderson's Claims 1 and 3. In the patent to James, No. 756,371, a stove 26 is mounted on a hinged leaf 27 which is hinged at 115. This hinged leaf can swing through a quarter-circle only, and hence would be utterly unsuited for the purpose of a reversible bed.

In James No. 828,481, there is a centrally pivoted panel 54, on which panel is fastened a shelf 37 and

various electrical heating devices 59. These articles are of the *same width as the panel* and could not possibly *overlap* the wall, on account of the fact that the panel is jammed up against the side wall 5.

There is no hinged door whatever to co-operate with the pivoted panel, but merely a sliding door 11 which is much more expensive than a hinged door, and subject to the objection that unless it be completely retracted it will be struck by the revolving furniture and cause damage. The purpose of the arrangement in patent No. 828,481 to James is entirely different from Anderson's object, and would never suggest the Anderson invention. As stated by James in his specification:

“When everything is properly arranged on the hot-plate and refrigerator-top, the door 11 may be slid back far enough to allow the revoluble device to be reversed to carry the refrigerator and hot-plate into the dining-room, thus bringing the foods, refrigerator, hot-plate, and china all into the dining-room with but little, if any, noticeable disturbance.” (Lines 83-90, page 3.)

The only patents referred to by defendant expert which relate directly to wall beds of the reversible type are:

Ruggles—748,563, Dec. 29, 1903;
 Merrill —886,622, May 5, 1908; and
 Jordan —892,668, July 7, 1908.

All these were in the *Murphy* suit. (See Books of Exhibits in that case.)

The Ruggles patent shows a narrow bed on a single hinged door, more in the nature of the *Murphy* type

of bed. Merrill and Jordan show a bed on a wide, centrally pivoted panel.

The only one of these three which came into practical use prior to Anderson's invention was the Jordan type; but since it does not disclose a narrow panel with a folding-bed *overhanging* one side of the panel and extending along the wall, and the various James patents referred to by defendant merely show a panel with a narrow article of furniture thereon not in any wise adapted to extend along the wall as does the Anderson bed, it is impossible to see where any obvious combination of any of these prior art structures could approximate Anderson's arrangement.

Anderson has resorted to originality in so combining and arranging the various elements of his structure as to produce new and useful results.

The record discloses that the trade has shown a marked demand for this Anderson type of bed, something in excess of 25,000 beds having been sold to date. (R. 216.)

Mr. Bried (defendant's expert) is reluctant to settle on any one reference as better than another against the Anderson patent, although in the last analysis he does imply at least that the James patent, No. 825,840, is about the closest. The nearest Mr. Bried can come to picking out "a one best reference" is the following (R. 130):

"Q. Among the various prior patents that you have discussed here, some 15 in number, can you mention any one patent prior to the Anderson patent in suit that shows a bed or any other article of furniture

mounted on a centrally-pivoted panel, so that it extends along the wall when it is turned into the room available for use?

A. I can show a patent which implies that the article hung on that door may be extended. That is the James patent of the stove, wherein he says that the stove can substantially fill the space in the kitchen. The stove that he shows does not extend, but he says that the stove can fill a space which would enable it to extend. That is the only way I can answer that question.

Q. That particular James patent is No. 825,840?

A. Yes, that is the patent."

And, again, (R. 151):

"Mr. LOFTUS. Q. Do you consider the James patent, No. 756,371, Fig. 2, is nearer to Anderson than it is to Murphy?

A. Well, I would say that it was equally near to both of them, that is, with certain reservations. It is near to Murphy in showing an article which extends beyond the door and overlaps the wall. It is near to Anderson in showing the necessity of opening the auxiliary door in order to get that article out. Murphy had no auxiliary door. Therefore it is near to Anderson, it is just like Anderson as far as the use of the auxiliary door is concerned, because it must be opened in order to get the stove out. It is near to Murphy for the other reason, the extension along the wall. *So I would say it was equally near to both of them.*" (Italics ours.)

Bried says above: "I would say it was equally near to both of them." Paraphrased that means that it is

equally *distant* from both of them. Anderson no more has a patent on two doors *per se* than Murphy has a patent on a single door, or even on a narrow door carrying a bed, because that precise construction was shown in Ruggles, but Ruggles was not held to anticipate Murphy.

Placing the James patents thus equally distant from the much adjudicated, validated, single-door, double-bed Murphy patent and from the double-door, narrow-panel, double-bed and accessible shallow closet of Anderson, there seems no escaping the logical conclusion that such equal remoteness of James points to an equal degree of invention in Anderson as in Murphy.

**DEFENDANT'S DECEPTIVE MODEL OF JAMES.
(EXHIBIT "P".)**

This model was a striking example of the practice of defendants in patent cases condemned by the rule in *Topliff v. Topliff*, 145 U. S. 156. This model, if it were accepted by the Court as a correct representation of the James structure as intended by the defendant, would simply mean the success of a deception practiced on the Court. The James patent, of course, is the best evidence of its contents and disclosures; likewise, with every other patent before the Court, including the Anderson patent.

Even with the teachings of Anderson before him, the ingenious Mr. Bried admitted (R. 141):

“* * * It took quite a good bit of intelligence too, but we finally figured it out.

XQ. Being an inventor, you figured that out?

A. Yes."

The James model is a fraud in practically every particular, except the two doors. Certainly, Anderson never claimed to have a patent on two adjacent swinging doors, whether one or both were centrally pivoted. His claim is on a combination expressed in the claims and used by the defendant in both the Ideal and Duplex structures and never used before Anderson.

Mr. Bried admitted "*it took quite a good deal of intelligence*" to figure out how to hang a double bed on a narrow door in the place of the stove and get the reversible features, functions and designs of the Anderson patent and concept. The cross bar with the hooks on which to juggle stoves and beds was something of an invention of itself. Certainly nothing of the sort is even remotely suggested in the James patent.

Then there is the iron stop plate on the James swinging panel limiting and controlling the rotary movements of the panel to one hundred eighty degrees (180°). That stop plate was not borrowed from James nor anything in the prior art, *but was borrowed from the recent infringing devices of the defendant*; these infringing devices of defendant, Ideal and Duplex using a shiftable stop. Complete rearrangement by addition and elimination was necessary in James to make it possible to adapt a double bed to a narrow door after the Anderson disclosure, but made possible only after Anderson had shown the way to do it.

The outstanding fraud of this James bogus model is seen if we hang a double bed on the James panel in naturally the only obvious way possible; that is, hang the bed and fix it to the panel centrally of the bed and centrally of the panel. The structure is obviously inoperative. The condition is one that if an ordinary double bed were shoved up against two swinging doors, you could not open or close the doors because the condition would be aggravated by the fact that the bed was bolted; and would, by the actual James patent, be bolted firmly to the doors and then the doors would be permanently fixed and permanently immovable.

So-called expert testimony of this sort accompanied by trick models modified to suit the argument indicates a danger of expert testimony in general.

This much is to be said in Mr. Bried's favor, that in his affidavit on motion for preliminary injunction: He admitted (page 1) that he had had at that time only a week's acquaintance with the wall bed art, and on the stand he admitted that his knowledge of the art was limited to the patents offered in evidence by way of defense. His unfamiliarity with the practical art was indicated when he stated on the stand that in the Anderson patented structure of the Duplex type, it would be quite impracticable to use *three-foot doors* in order to gain access to the closet when the bed is in the closet, and that such accessibility could only be obtained by the Ideal shift!

Mr. Holmes and Mr. Stearns both told us that it was not an uncommon thing in making Ideal installations to use considerably more than a five-foot open-

ing. Mr. Holmes says (R. 224) that he often used two three-foot doors with the Anderson installation, and Mr. Stearns stated (R. 233) that as late as the morning of his testimony he had seen a *Duplex* installation by defendant using an opening of five feet eight inches in width which would give ample access to the closet with the bed in the closet!

These matters are only referred to to show how little weight should be accorded Mr. Bried's arguments for the defense, either on the scope of the patent or on the question of infringement.

THE ANDERSON COMBINATION BY WHICH THE WANT WAS FILLED IS INDICATED BY CLAIMS 1 AND 3 OF THE ANDERSON PATENT.

These claims segregated into their elements (with reference numerals of Anderson's drawings applied) are as follows:

CLAIM 1:

“The combination with a well (2) provided with an opening therein,

(1) of a panel (3)

(a) centrally and vertically pivoted to one side of the middle of said opening,

(b) adapted to close approximately one-half of said opening,

(2) a head board (8) of a bed frame secured to said panel

(a) so that one of its ends extends past said panel and along the wall on the panel side of said opening approximately one-half of its

width when the panel is turned so that said head board is out of said opening,

(3) a door (4) hinged to the opposite side of said opening for closing its remaining portion and to allow the extended portion of said head board to pass through said opening when revolved with said panel,

(4) and a bed frame (7) pivotally mounted on said head board.”

CLAIM 3:

“The combination with a receptacle provided with an opening therein and

(1) a door (4) hinged at the one side thereof closing approximately one-half of said opening into said receptacle,

(2) of a panel (3) centrally and vertically pivoted at its upper and lower ends on the upper and lower sides of the receptacle,

(a) closing the remainder of the opening into said receptacle when parallel therewith,

(3) a head board (8) of a bed firmly mounted on said pivoted panel so that when said panel is turned in one direction one end projects along the wall beyond said pivoted panel and when reversed with said panel it passes through the side of the opening closed by said hinged door into the portion of said receptacle closed by said hinged door.”

It will be seen that these claims are essentially “combination” claims. Moreover they specify combinations which were entirely new in the art. We believe that there has been no serious contention made and defendant is willing to admit that the combination above described (reading the claims by the four corners as they must be) was new.

It is an elementary rule of patent law that in "combination" claims the invention, if any, lies in the *combination* and not in the individual element.

Imhaeuser v. Buerk, 101 U. S. 660;

Griswold v. Harker, 62 Fed. 389;

Alliance Securities Company Cases (Suits in Equity No. 1,280 and No. 1,299 known as the "Paint Spray Cases" in this Court—not yet reported).

Combination claims are entitled to the doctrine of equivalents like any other claim.

"The doctrine of equivalents may be invoked by any patentee, whether he claimed equivalents in his claim, or described any in his specification, or omitted to do either or both of those things. The patentee, having described his invention and shown its principles, and claimed it in that form which most perfectly embodies it, is, in contemplation of law, deemed to claim every form in which his invention may be copied, unless he manifests an intention to disclaim some of these forms. Combination patents would generally be valueless in the absence of a right to equivalents, for few combinations now exist, or can hereafter be made, which do not contain at least one element, an efficient substitute for which could readily be suggested by any person skilled in the particular art." (*Walker on Patents*, Fifth Edition, Section 351.)

Mr. Bried's arguments why the "Ideal" type does not, in his opinion, infringe Anderson, are that whereas the Anderson patent drawings show the head frame of the bed *rigidly* fastened to the panel, the "Ideal" type is *pivotaly* secured thereto by links or levers.

While it is true that it employs mechanism for imparting a slight shifting movement to the bed relative to the panel, it is apparent that it does not escape the language, meaning, and *spirit* of Anderson's Claims 1 and 3.

"One who appropriates another's patented invention, even though he may add thereto another element to perform an additional function, is guilty of infringement." (Citing numerous cases.) (*Stebler v. Riverside Heights Orange Growers Ass'n*, 205 Fed. 735, 739, 9th C. C. A.)

"Addition to a patented machine or manufacture does not enable him who makes, uses, or sells the patented thing with the addition, to avoid a charge of infringement. This is true even where the added device facilitates the working of one of the parts of the patented combination, and thus makes the latter perform its function with more excellence and greater speed; * * *" (*Walker on Patents*, Fifth Edition, Section 345, page 431.)

As this Court said in *Jonas v. Roberti*, 7 Fed. (2d) 563:

"But an inventor cannot be deprived of the benefit of the idea which he has disclosed to the public by improvements subsequently made by another in carrying forward the art."

The rule quoted above from Walker was further exemplified in this Court in *Smith Cannery Machines Co. v. Seattle-Astoria Iron Works*, 261 Fed. 85.

"Merely changing the form of an invention will not avert the charge of infringement, although the change may be an improvement." (Judge McCormick in *Casey v. Bennett*, 3 Red. (2d) 640, 642.)

In the present instance it is to be borne in mind that the "Ideal" bed is not covered by patent except as it is covered by the Anderson patent.

Plaintiff's expert, Vale, testified that each and every element and condition of Anderson's Claim 1, was present in both the "Duplex" and "Ideal" beds, and that the levers and gearing for imparting a slight shifting movement to the bed in the "Ideal" are a mere addition or improvement on the Anderson device, made for the purpose of giving additional clearance behind the hinged door when the bed is stored, so that access may be had to the closet.

However, this is immaterial, since Anderson's Claims 1 and 3 are not in any wise concerned with the position of the bed *when stored*. Nor do they embody the limitation that the bed is *rigidly* attached or secured to the panel.

It is not necessary to resort to expensive mechanism to provide such clearance behind the hinged door. This can be done as shown in Fig. 2 of Plaintiff's Exhibit 14 (R. 160), merely by making the opening slightly wider and increasing the width of the doors.

Mr. Stearns testified (R. 233) that defendant has made installations of the proportions in Fig. 2 of said exhibit, and that sufficient space was provided to permit access to the closet at all times, notwithstanding that the bed was not shiftable with relation to the pivoted panel.

The contention of Bried that the clause in Claim 1 reading,

"a head board of a bed frame secured to said panel"

refers in any way to a *rigid* fastening, is of course without merit. "Secured" as employed in Claim 1, merely implies that the head frame is fastened or connected to the panel so as not to fall down or collapse when weight is imposed thereon.

Webster's New International Dictionary, 1922, gives as a definition for "secure",

"to be fastened or secured, not exposed to danger; so strong, staple, or firm as to insure safety; safe. to make fast, to close or confine effectually—as to secure a prisoner, a door; the hatches of a ship."

This word is quite commonly used in patent specifications and claims, but not as implying a rigid fastening. Thus a ship when anchored may be said to be "secured", although it still has a considerable range of movement. Likewise with the expression "firmly mounted" it appears to have been the intention of the patentee to specify such a mounting for the head frame as would sustain an appreciable weight acting downwardly. It is synonymous with "substantially mounted" as used in line 66, page 1, of Anderson's specification.

In other words, the weight of the frame of the bed is imposed upon this head frame when the bed is stored; and likewise when the bed is in use a portion of the weight of the occupant of the bed is transmitted to the head frame, and for this reason the mounting of the head frame on the panel should be one of a substantial or firm character.

Had it been the patentee's intention to limit himself to a head frame which would not move with re-

spect to the panel, he would undoubtedly have chosen a different expression; such, for instance, as “rigid”, “immovable”, or “stationary”.

The Anderson invention is capable of embodiment in several different forms and is not concerned with the particular means for attaching the head frame to the panel. In fact, Anderson in his patent says:

“Though I have shown and described a particular construction, and arrangement, I do not wish to be limited to such construction and arrangement, but desire to include substantially the principles involved and the construction and arrangement as described in the appended claims.”
(Lines 101-107, page 1.)

The sketches submitted by Sinclair and Henry in the *Murphy* suit (Exhibits 7 and 12 here) each show quite clearly and *were intended to show*, that the arrangement and mode of operation of the Anderson bed and the “Ideal” bed are the same, and that the links and gears used by defendant are but an adjunct which does not alter the principle involved or the construction and arrangement as described in Claims 1 and 3.

Even though the improvement or addition made by defendant may be patentable in itself, the situation would not be altered. The case in that event would be no different from the case of *Jonas, et al., v. Roberti, et al.*, supra.

DOCTRINE OF EQUIVALENTS.

All patents are entitled to the doctrine of equivalents. It is never necessary for an applicant to state

that he lays claim to the equivalents of his claims. Those are allowed him as a matter of law, as per *Machine Co. v. Murphy*, 97 U. S. 125.

However, the doctrine of equivalents may be invoked for all patents, and not merely for pioneer ones, but the range of equivalents depends upon and varies with the degree of invention.

Hickmott v. Canning Co., 142 Fed. 145 (C. C. A. 9th);

Kitchen v. Levison, 188 Fed. 658 (C. C. A. 9th);

Paper Bag Cases, 210 U. S. 405, 52 L. Ed. 1122.

Walker on Patents, Sec. 358, says:

“It is safe to define an equivalent as a thing which performs the same function in substantially the same manner as the thing of which it is alleged to be an equivalent.”

At Section 359:

“There are two tests of equivalency. 1. Identity of function. 2. Substantial identity of way of performing that function.”

Equivalency exists between the defendants' structure and the combinations claimed in Anderson in marked degree. In Duplex, there is identity of function and real identity of means of performing that function, as compared with Anderson. In Ideal, there is identity of function and *substantial identity* of way of performing that function as compared with Anderson. That, of course, spells infringement.

Defendant's officers, experts, and counsel, in said suit of *Murphy Wall Bed Company, et al., v. Rip Van Winkle Wall Bed Company*, clearly were of the opin-

ion that defendant's so-called "Ideal" wall bed came within the scope of the Anderson patent. This Court there so found. We concur in those opinions and in that finding.

In conclusion we submit that the decree of the lower Court should be affirmed, with costs to appellees on this appeal.

Dated, San Francisco,
November 1, 1926.

Respectfully submitted,

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